

## Trust Fund 721 Independent Verification Training Material

- C1. [www.finance.utah.gov](http://www.finance.utah.gov) (good idea to bookmark)
- C2. [www.hsofo.utah.gov](http://www.hsofo.utah.gov) (good idea to bookmark)
- C3. Attach a copy of the prior 721 Independent Verification results:
  - A. Review any exceptions resulting from that 721 with the staff at that location to determine if and how those exceptions were resolved.
    - 1) Describe the changes implemented to resolve the exceptions.
    - 2) Review documentation to verify the changes implemented.
- C4. Describe the location of checks and list the names of individuals with access to them.
- C5. List the individuals and their position that have access to the custodian's password.
- C6. Describe what is done with outstanding items more than 60 days old.
  - 1. List the names of individuals interviewed on the 721 document C
- C7. Test of authorized check signers
  - 1. Obtain the current check signer bank card:
    - A. Complete **Schedule "D"** as follows:
      - (1) List the names of individuals on the check signer card on schedule "D" under "Names of Signers".
      - (2) List the job title for each of the signers on Schedule "D" under "Signer's Job Title".
      - (3) List the date the signature card was last updated on schedule "D" under "Last Date Updated".
      - (1) Determine if any signers are authorized to approve Form 298's. Indicate "y" or "n" on schedule "D" under "Signers Auth 298".
        - (a) Any "y" must include an explanation.
      - (4) Determine if any signers have capability to enter computerized trust accounting system. Indicate "y" or "n" on schedule "D" under "Signers Ent Sys".
        - (a) Any "y" must include an explanation.
      - (5) Determine if the number of signers is reasonable and adequate for backup. Indicate "y" or "n" on schedule "D" under "Backup Adequate".
        - (a) Any "n" must include an explanation.
    - Attach a copy of the signature card to the back of Schedule "D".**
- C8. Interview the custodian to determine the following:
  - 1. Does the custodian understand what signatures are required on the 298 forms?
  - 2. Does the custodian understand when the 298 forms should be signed?
  - 3. Does the custodian understand where on the 298 the authorizing signatures are to be placed?
- C9. Interview the custodian to determine the following:
  - 1. Are the caseworkers provided with client account statements at least quarterly?
    - A. Any "n" must include an explanation.
- C10. Interview the custodian to determine if procedures exist for timely, proper posting of Trust Fund transactions. (*i.e., disbursements, interest, etc. receipts are to be posted within one day of deposit*).
- CW1. Foster care client accounts for cost of care reimbursements:
  - 1. Obtain the "All Transactions" report for the clients:
    - A. Complete **Schedule "B" - "MONTH OCCURRED"** COLUMNS as follows:
      - 1) **"MONTH"** = Month/year SS funds were received
      - 2) **"FNDS REC"** = Total amount received from Social Security for the benefit month:
        - (a) Total SSA/SSI funds received for the benefit month
        - (b) Total ins received for the benefit month
        - (c) Total Social Security adjustment/lump sum received for the benefit month
  - 2. Obtain the PP07 screen for the audit period for that client:
    - A. Add the following to Schedule "B" - **"BY SERVICE PERIOD"** COLUMNS:

- 1) **“SVC CODE”** = List the service code for which residential care was paid by benefit month.
- 2) **“PLACEMENT PAID ON USSDS”** = List total amount paid for placement/residential care by benefit month.
3. Obtain the Medicaid Reimbursement Chart for the audit period:
  - A. Add the following to Schedule “B” - **“BY SERVICE PERIOD”** COLUMNS
    - 1) **“MEDICAID REIMB”** = Total the medicaid reimbursement amount by multiplying the medicaid rate times the number of residential units paid, i.e. 30 days x 14.64. (List the total under “Medicaid” on Schedule “B”)
4. Determine the total room and board expenditure by subtracting the “medicaid” column amount from the “res paid on ussds” column.
  - A. List the difference under **“BOARD AND ROOM”** on Schedule “B”).
5. Complete **Schedule “B1”** as follows:
  - A. List the service code and amount paid as shown on the PP07 report for all expenditures other than residential by month.
    - 1) **“OTHER COC”** = Total the schedule “B1” and carry forward to schedule “B” the total cost of care reimbursable expenditures as identified in Policy #303.9,B,1-2 Benefits and Eligibility Policy in the Child Welfare Manual. (List under OTHER COC by month)
6. Complete Schedule “B” as follows:
  - A. Add the following to Schedule “B” - **“BY BENEFIT MONTH”** COLUMNS
    - 1) **“ELIGIBLE COC/B&R”** = Determine the total eligible room and board and cost of care by combining the “Board & Room” and “Other COC” columns. (List the total under “Eligible COC/B&R” on Schedule “B”).
    - 2) **“ELIGIBLE CLI FND”** = Funds eligible for reimbursement of COC:
      - a) Total funds received for benefit month less \$35 for special needs
      - b) Total ins received and applicable to benefit month
      - c) Total social security adjustment/lump sum funds applicable to benefit month (excluding designated funds)
    - 3) **“REIMBURSABLE AMT”** = The “Reimbursable Amt” is the lesser of the “COC/B&R” and the “Eligible Cli Fnd” columns.
    - 4) **“COC REIMBURSED”** = The COC reimbursed is the total by month of COC reimbursements to DHS listed on the all transaction report by benefit month.
    - 5) **“DIFF”** = Determine the amount over or under reimbursed by subtracting the “COC Reimbursed” column from the “Reimbursable Amt” column. If the COC reimbursed is greater than the reimbursable amount, the COC has been over reimbursed by the trust funds. (List the difference in the “Diff” column on Schedule “B”, including “-” on all over reimbursements.
    - 6) Attach an explanation for any amount listed in the “Diff” column.

CW2 Interview caseworker to determine what their understanding is as account management responsibilities (i.e approving disbursements on 298 and obtaining an supervisory approval for checks for \$500)

CW3 Review of client transaction history w/caseworker as follows:

  1. Obtain the client alpha list for the last month of the audit period:
    - A. Select 2-5 (3%) of clients; obtain the all transactions report for client in sample and review with the caseworkers for the following (document the names of the caseworkers reviewed):
      - (1) Deposits to client account:
        - (a) Are the deposits for the past six months for a similar amount of SSI/SSA?
          - 1) If not similar, document reasons for differences
        - (b) Are the deposits identified as follows:
          - 1) Date of Deposit
          - 2) Name of Payer/type of benefit, i.e. SSA or SSI, etc.
          - 3) Benefit period applicable to deposit
          - 4) Purpose of funds deposited, i.e., SS adj, ins, designated funds, etc.

- (2) Disbursements from client account:
  - (a) Are account disbursements appropriate?
  - (b) Is the payee identified?
  - (c) Is the purpose of the disbursement identified?
- (3) COC reimbursements from client account:
  - (a) Is the benefit period correctly identified?
  - (b) Is the payee identified as DHS?
  - (c) Was the child in care during the benefit period?
  - (d) Were COC expenditures being paid by DCFS during the period?
  - (e) Is the check number identified?
- (4) Adjustments to client account:
  - (a) Is the purpose of the adj identified?
  - (b) Is the amount of the adjustment correct?
  - (c) If the adjustment is the result of prior SS overpayments:
    - (1) Is the overpayment period clearly identified?
    - (2) Is the adjustment appropriate?
    - (3) Is the applicable benefit period correctly identified?
    - (4) Is the payee identified correctly?
- (5) Obtain sampled files for clients' sampled in CW3,1,A and perform the following:
  - (a) Determine whether supporting documentation is adequately maintained and transactions appear reasonable.
    - (1) List names of caseworkers involved

- CW4 Discuss the sampled clients' in CW 3 with the caseworkers:
1. Are the caseworkers using the social workers program or client statement to review account balances?
  2. How often?
  3. Do they receive the necessary information to fulfill this responsibility?
  4. Document names of caseworkers interviewed and their responses.
- CW5 Obtain copies of most recent Trust Fund Reports for Social Security Administration or VA:
1. Print the class report on Quickbooks for sampled clients
  2. Are the reports completed properly?
  3. Are the reports signed by the custodial caseworker
  4. Are the reports being submitted on a timely basis?
  5. Is a copy of the report in the client's file?
- CW6 Obtain the Client Alpha List for the audit period and review for the following:
1. Do any clients receiving Medicaid or SSI assistance have balances greater than \$2000?
    - A. Any "y" must include an explanation.
    - B. **Document the circumstances and medicaid category** for each "y" client.
- CW7 Obtain client files for cases with property management.
1. Do the files contain the necessary power of attorney allowing the Department to act as an Agent?
    - A. Any "n" must include an explanation.
- CW8 Obtain client files for cases requiring disposition of assets:
1. Do the files contain adequate documentation for disposition of assets, i.e., property appraisals, costs and fees related to disposition, etc.
    - A. Any "n" must include an explanation.
- CW9 Obtain client files for deceased clients during the audit period:
1. Were proper procedures followed in the distribution of the clients' assets?
    - A. Any "n" must include an explanation.

Refer to section C7 of the 721 training material and complete the following:

- CS1 Record summary of check signer's response.
1. List the name of the check signer interviewed on the 721 document.

- S1 Record a summary of the supervisor's response.
- 1 List the names of individuals interviewed on the 721 document
- III. Review the most current Monthly Reconciliation Report to determine the following:
1. Is the sampled Monthly Reconciliation Report signed and dated by both the Trust Custodian and the Custodian's Supervisor?
    - A. Any "n" must include an explanation
  2. Compare the "previous balance" on the Reconciliation Report with the "cleared balance" on the prior month's Reconciliation Report to determine if they agree.
  3. Compare the "cleared deposit and check amounts" on the bank statement with the "cleared deposits and checks" on the Reconciliation Report to determine if they agree:
    1. If they do not agree, explain.
  4. Review the transactions listed in IIIB of the 721 document for the following:
    1. Have the five sampled transactions been subsequently cleared on a later bank statement? Complete **Schedule "E"**
      - a. Any "n" must include an explanation.
  5. If #4 is "n", verify that adequate supporting documentation justifying the uncleared items exists.
    1. Document reasons for not clearing the items and/or steps taken to resolved uncleared items.
  6. Obtain the adjustments file and determine the following:
    1. Each adjustment is supported with physical documentation, i.e. copies of Pertinent documents.
    2. A written explanation exists for what has occurred that required an adjustment. Documentation shoes that the offsetting account if affected properly.
  6. Determine whether the Monthly Reconciliation Report was generated and submitted to the Bureau of Finance by the 15<sup>th</sup> of the following month
    1. Any "n" must include an explanation

III. Performance of Monthly Reconciliation Report (Schedule "A")

- A. Obtain a copy of the most recent monthly reconciliation report

Month selected: \_\_\_\_\_

- B. Review the Uncleared Transactions on the sampled Reconciliation Report. Determine if there are any old items, which should be discussed with the Custodian regarding timely resolution. Haphazardly select 2-5 uncleared transactions for testing below. Items selected (*List Number and/or Date of Transaction and Circle Ck or Dep by each*):
- |                 |                 |                 |
|-----------------|-----------------|-----------------|
| 1. _____ Ck/Dep | 2. _____ Ck/Dep | 3. _____ Ck/Dep |
| 4. _____ Ck/Dep | 5. _____ Ck/Dep |                 |

- IV. Perform "Reconciliation of DHS Trust Account Balances, **Schedule "A"** attached.

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- V. Test of Fund Receipts

Obtain the Receipt Writer Reports for the audit period:

Complete **Schedule "F"** as follows:

- (1) Determine who the check/cash is from. List the "Payer" name on schedule "F" under "Payer Name"
- (2) Determine the total amount of the check/cash received. List the amount received on schedule "F" under "Amount"
- (3) List the date received on schedule "F" under "Date Rec'd"
- (4) Determine whether a receipt was issued for the check/cash received. List a "+" or "o" on schedule "F" under "Receipt Issued"
  - a) Any "o" must include an explanation
- (5) Verify whether the check/cash received was posted to the client's trust account. List a "+" or "o" on schedule "F" under "Posted to Client Acct"

- a) Any “o” must include an explanation
- (6) Locate the check/cash received on the Monthly Reconciliation Report for the period. List a “+” or “o” on schedule “F” under “Deposit on Mo Rec Rep”
  - a) Any “o” must include an explanation
- (7) Locate the check/cash received on the validated deposit slip (receipted by bank). List a “+” or “o” on schedule “F” under “Validated Dep Slip”
  - a) Any “o” must include an explanation
- (8) Review the client trust account for the prior 3 to 6 months and identify each month’s SS deposit amount and compare that amount with the check/cash received for each sample. List a “+” or “o” on schedule “F” under “SS Amount Consistent”
  - a) Any “o” must include an explanation
- (9) Identify any receipt issued and voided during the audit period. Determine whether it was voided properly. List a “+” or “o” on schedule “F” under “Receipt Voided Correctly”
  - 1. Any “o” must include an explanation
  - 2. Select 2-5 Trust Fund COC reimbursements issued to the Department of Human Services within the audit period and complete **Schedule F1**.
- CR1. Interview cash receipting staff to determine if all checks are endorsed “for deposit only” to the bank where trust account monies are on deposit, at the time of receipt.
  - a) Any “n” must include an explanation.
- CR2. Interview cash receipting staff to determine if all checks/cash are properly safeguarded until deposit and if procedures exist to ensure timely deposit (within three business days of receipt).
  - a) Any “n” must include an explanation
- CR3. Interview cash receipting staff to determine if a mail log or other appropriate recording method is used to properly account for initial receipt of checks/cash.
  - 1. Determine that all the checks on the receipt writer report are recorded on Deposit Detail Report. Identify all cost of care checks and reconcile to FINET.
- CR4. Have cash receipting person pull a report for audit period and have trust account custodian pull a deposit detail for same period and reconcile the two. Reconcile to Bank Statement and Finet for the posting of cost of care.
- VI. Test of Fund Disbursements
 

Obtain the Trust Account Check Register for the last month of the audit period and pull a sample of disbursements (incl. Disbursements other than COC reimbursements):

Complete **Schedule “C”** as follows:

  - (1) List the “Client” name on schedule “C” under “Client Name”
  - (2) List the check number on schedule “C” under “Check Number”
  - (3) List the amount of the check on schedule “C” under “Amount”
  - (4) Locate the approved Form 298 that applies to the check:
    - (a) Indicate “y” or “n” on schedule “C” under “Approved 298 Form Exists”.
    - (b) If the Form 298 amount is more than \$500, determine if the form 298 has the supervisor’s approval. Indicate “y” or “n” on schedule “C” under “298 over \$500 has Supr Apprv”. ,,,
      - (1) Any “n” must include an explanation.
  - (5) Determine if the expenditure benefits the client “ONLY”. Indicate “y” or “n” on schedule “C” under “Expenditure Benefits Client Only”.
    - (1) Any “n” must include an explanation.
  - (6) Obtain the original check and review the endorsement on the back of the cancelled check to determine if the check has been endorsed properly. Indicate “y” or “n” on schedule “C” under “Check Endorsed Properly”.
  - (7) Obtain the original “Voided” checks for the audit period. Determine if the checks have been properly voided, i.e., defacing the original check; stamping with “Void”, etc. Indicate “y” or “n” on schedule “C” under “Void Checks Handled Properly”.

- A. Any “n” must include an explanation.
- (9) If the Form 298 amount is more than \$500, determine if the form 298 has the supervisor’s approval. Indicate “y” or “n” on schedule “C” under “298 over \$500 has Supr Apprv”. ,,,of individuals on the check signer card on schedule “D” under “Names of Signers”.